

Second Annual Conference on Carbon Sequestration

May 7, 2003

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Introduction

Current GHG Market Challenges:

- a. Fragmented
- b. Non-standard supply
- c. Purchasing complexity
- d. Risk (real and perceived)
- e. Supply Availability
- f. Lack of consistent quality (real and perceived)

Introduction (con't)

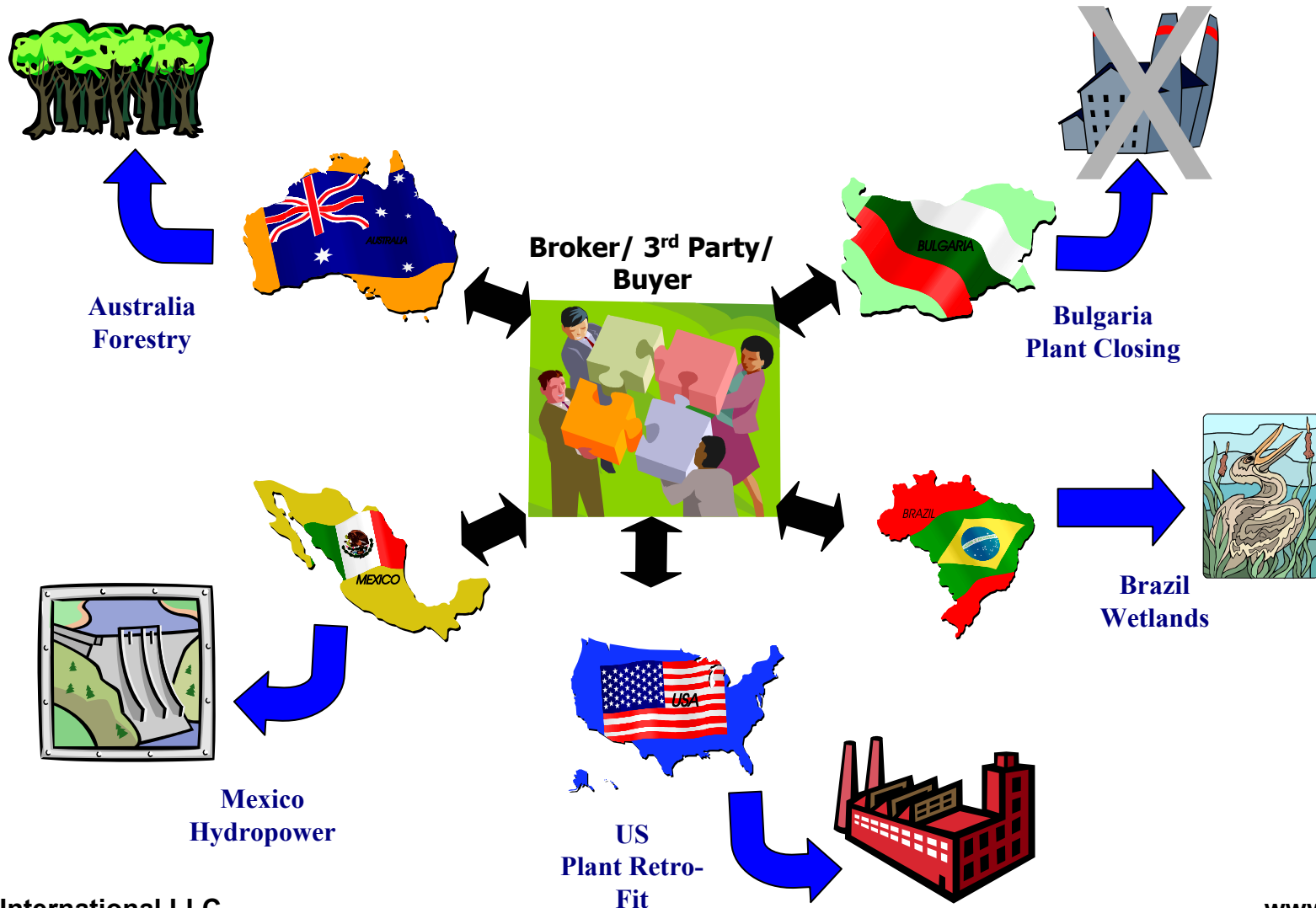
Parallels with emerging industries of the past:

a. Characteristics

- i. Customized versus mass-production
 - 1. Automobile manufacturing
 - 2. Personal Computer manufacturing
 - 3. Home construction
- ii. Implementation of quality controls
- iii. Standardized production practices
- iv. More liquid market

Today: GHG Chaos

Buyer has need for 500KT CO₂e/year...



Developing an efficient GHG market requires a paradigm shift ...

Project Development → Systematic Development

Efficient Emissions Market

Buyer has need for 500KT/year

Buyers

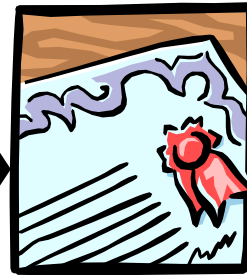


3rd Party/Broker



Factories

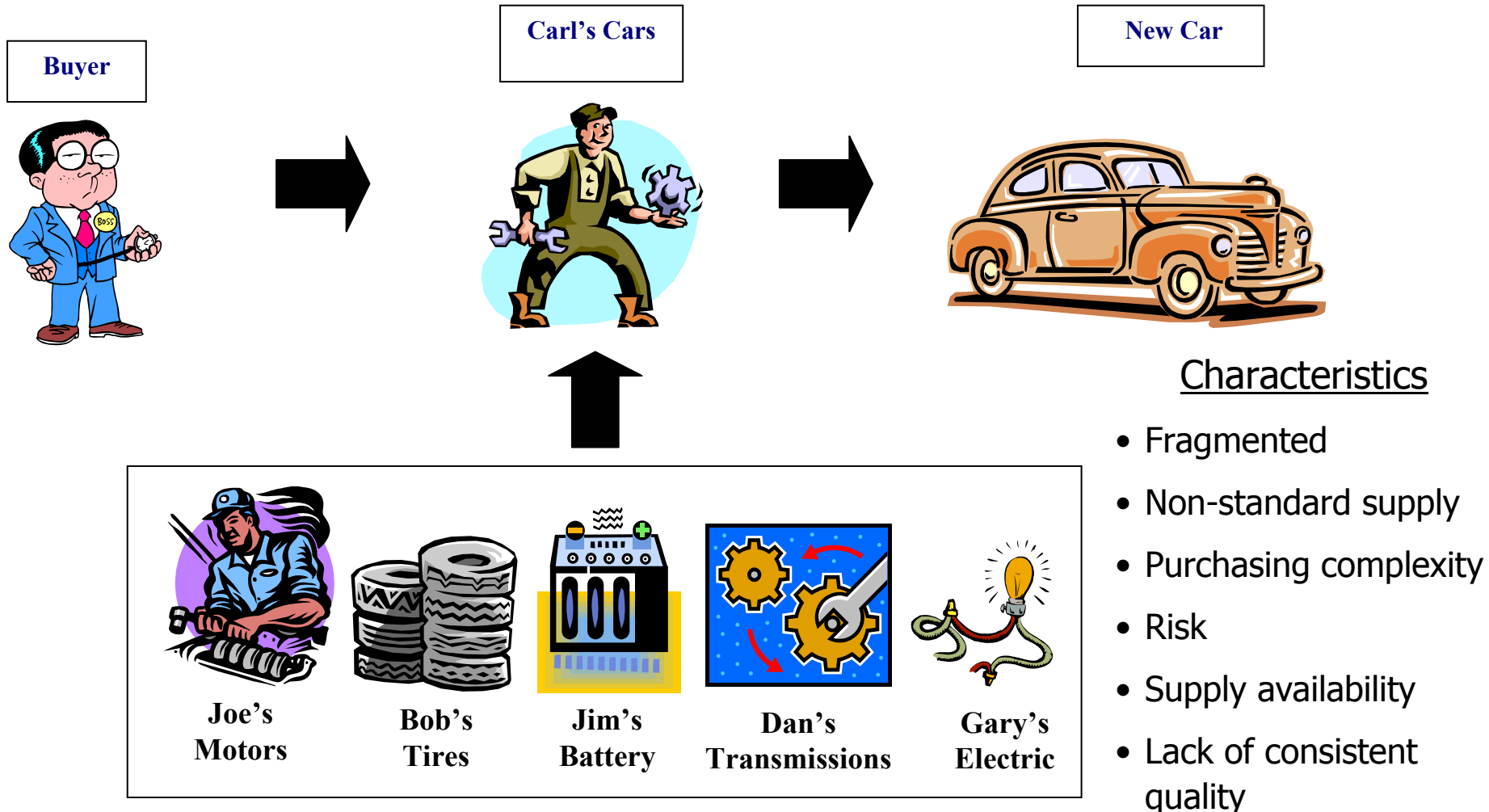
- Agriculture
- Forestry
- Wetlands
- Hydro Power
- Plant Retro-fit
- Plant Closing
- Landfill



GHG ER's

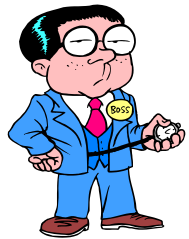
Analogy: Car Buying before Henry Ford

Buyer needs a car



Analogy: Car buying after Henry Ford

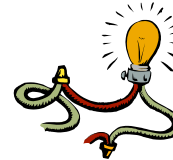
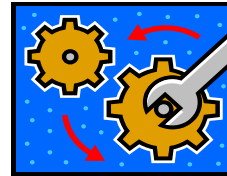
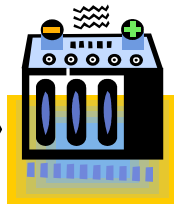
Buyer needs a car



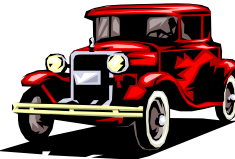
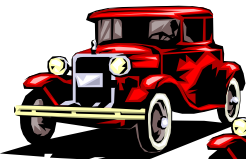
Buyer



Dealerships



Ford Factory



Characteristics

- Mass-production vs. customized
- Implementation of quality controls
- Standardized production practices
- More liquid market

Why is this important?

- A highly liquid exchange/market requires:
 - Guarantees
 - High Volume (capacity)
 - Complete Standardization
 - Baselines
 - Consistency
 - Oversight

AgCert Solution



- AgCert Timeline
 - 2001 to 2002 – Focused on solidifying our government relations, intellectual property, science and positioning
 - 2003 – soft launch of AgCert in January 2003
- High volume
 - 20M/yr in 2003
 - 100M/yr in 2008
- Government involvement
 - Exclusive relationship with USDA via CRADA
 - Establishes agriculture baselines
- Complete standardization
- Science-based processes
- Consistency
- Sector wide application
- Guarantees/ Escrow
- Permanence